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U. S. Department of Agriculture

Talk by Chas. D. Lewis, Assistant Director, Northeast
Division, Agricultural Adjustment Administration,
before potato growers at Orono, Maine, during Farm
Home Week, on March 30, 1938.

The farmers in Maine on the whole are interested in reaching as nearly as possible three principal goals. First, the production of a supply of agricultural commodities that will furnish consumers all they can use at a fair price. Second, the assurance of a fair return on the capital invested and management applied to the farms in Maine. And third, proper use and care of the farm plant, that is the land, buildings and equipment, so that the first two objectives may always be assured in the future.

None of these objectives can be accomplished by Maine farmers alone in 1938. They must have the cooperation of, and they must cooperate with, other farmers throughout the country.

The farmers in this country today have an enormous machine so constructed by the Congress of the United States (through the several Acts, such as the Acts creating land-grant colleges, experiment stations, extension service and Smith-Hughes schools, the Marketing Agreement Act of 1937, Soil Conservation and Domestic Allotment Act, the 1938 Agricultural Adjustment Act,) that it can be operated by the farmers so as to go a long way toward accomplishing these objectives. Similarly, in my judgment, this machine will not be successful in accomplishing these objectives unless it is operated through the cooperation of the farmers of this country.

You people are interested in potatoes. Let us examine the things that seem to have prevented potato-growers in this country from reaching the objectives which we have set up. A rather casual examination of the data contained in the 1937 Yearbook of the Department of Agriculture indicates

that during the past ten or fifteen years the wholesale price of potatoes on the New York market has varied from 58 cents a bushel to \$2.49 a bushel. During this period, with one exception, whenever the total quantity of potatoes produced in the country was above 375,000,000 bushels the price was below \$1.00, and whenever it was below 375,000,000 bushels the price was above \$1.00. I don't believe we are assuring the consumer of this country an adequate supply of potatoes at a fair price to him when we produce so many potatoes that the price is forced down to a point where during the next year or two farmers are able to grow only 300,000,000 to 350,000,000 bushels of potatoes and the price to the consumer goes up to 4 times what it was when the crop was unusually large and 2 to 2 1/2 times what anyone would consider to be a fair price.

Unfortunately, the extremely low wholesale prices in New York may not in all cases be passed along to the consumer. The probability is that the consumer pays a fair cost for handling a small crop and a rather disproportionately large cost for handling a large crop.

We also find in the Yearbook that during the same ten or fifteen-year period farmers averaged to receive from 40 cents to \$1.66 a bushel for potatoes; that almost without exception the low prices occurred when the total production was more than 375,000,000 bushels; that high prices occurred when the total production was less than 375,000,000 bushels; and the gross farm value of potatoes in this country during the same period varied from \$147,000,000 to \$491,000,000. I can not believe that the owners and operators of potato farms throughout this country consider such a wide variation in the value of their crop desirable unless they are more interested in speculation

than they are in production. Incidentally, I was told by a man of long experience in the stock market that out of every 100 men who attempt to make a "killing" on the stock market about 3 survive. That same principle may hold true for those farmers who try to make a "killing" out of the wide fluctuation in potato prices.

Now it seems from what I have said that there is a definite relationship between the total quantity of potatoes produced in this country and the average wholesale price at New York and the average price the farmer receives. Apparently a crop of 350,000,000 to 375,000,000 or 380,000,000 bushels will supply the consumer with all the potatoes he can use at a reasonable price and will return the producer a price that will enable him to maintain his farm plant and live respectably. If that is true why should we have crops ranging from less than 300,000,000 bushels to more than 400,000,000 bushels? Potatoes are produced all over this country and produced commercially in widely separated areas so that the effects of weather on the crop in any particular area are usually pretty well offset by opposite effects in other areas. As a matter of fact, the national average yield of potatoes since 1924 has ranged from 100 bushels per acre to 124 bushels per acre or only about 12 percent up and down from the average, while total production has varied between 18 percent and 20 percent from the average, and acreage has varied from 2,800,000 to 3,600,000 or about 12 percent up and down from the average of 3,200,000.

We can't do anything about the weather, but we can stabilize the acreage. In fact, the colleges and extension services throughout this country have been advising farmers to stabilize their acreage for years but I have heard that the reason farmers don't take this advice is because each farmer acting independently thinks the other fellow will take the advice so

he will do just the opposite. The stabilization program for potatoes this year is simply designed to pay the cooperating farmer for the sacrifice he makes in stabilizing the acreage. In other words, it assures him that he will have as much money next fall as though he had grown his full acreage of potatoes, and of course if substantially all of the farmers cooperate the price of potatoes may be somewhat improved and thereby the farmer benefits both in a better price for what he produces and assurance of an income equal to what he would have had had he not cooperated in the program.

To put the proposition more specifically, the farmer who cooperates in the 1938 Agricultural Conservation Program in stabilizing potato acreage is assured of an income about equal to that he would have had had he grown his full acreage, assured of a price equal to or better than that he would have received had it not been for the program, is saved the cost of planting, cultivating, spraying, harvesting and selling the acreage he diverts, and is enabled to contribute to the preservation and conservation of land not devoted to potatoes.

It looks as if potato farmers throughout the country would cooperate wholeheartedly in this program, with the possible exception of the very early growers, who felt they had to make their plans before they felt sure of just what the program would be.

Before you have an opportunity to ask the question as to what the situation will be if we have another yield in 1938 such as we had in 1937, I would like to say first that an analysis of yields of potatoes over a 50-year period in the United States fails to show but one instance when there were two successive years of high yields. So it is probably fair to

say that there is only a 50 to 1 chance that we will see a high potato yield in 1938. However, if such yield occurs, then the Surplus Removal and Marketing Agreement Programs are available for your use. Mr. Lawrence Myers has explained in a much better way than I could the way these programs may be used by farmers in case they are needed.

In closing I want to get back to where I started and repeat that the farmers in this country have the machine designed for their use in solving many of their agricultural problems. It will work successfully if they operate it themselves. In my judgment it can not work successfully unless they do. If it works successfully it should result in increasing efficiency in production, greatly improved care of our agricultural resources, a more stabilized supply of basic agricultural commodities that will result in fairer prices both to producer and consumer, improved marketing conditions, increased use of agricultural products through the use of such products for relief purposes and industrial uses, and other important improvements in our rural economic and social life. As community, county and State committeemen, whose principal source of income is from the farm, really get hold of this machine and come to understand it, I have no fear of the future of American agriculture.
